

# Dennis Muilenburg out as Boeing chairman but keeps CEO position

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By

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With pressure mounting on the Boeing board and increased public concern about a need to revamp the company's safety culture, the board on Friday took away Dennis Muilenburg's role as company chairman, separating that position from his chief executive role.

Muilenburg will remain CEO and president, and will stay on the board of directors, while lead director David Calhoun was elected to replace him as chairman.

The move falls short of what some analysts have called for: Muilenburg's ouster, along with some of the board, to give the company a jolt that would mark a culture shift away from the constant focus of recent years on the share price and cost cutting.

Having both chairman and CEO titles, which he inherited from his predecessor and mentor Jim McNerney, put Muilenburg in an unassailable position of power. As CEO, he is an employee of the board. But as chairman of the board, he effectively controlled the direction and makeup of that body.

It's generally viewed as poor corporate governance policy to have one person in both roles. And now, following the two fatal crashes of the 737 MAX, with the board being criticized for lack of oversight of the company culture, Boeing has finally bowed to the reality that the board needs more independence.

The board's decision follows its creation last month of a new Aerospace Safety Committee and a series of recommendations to both realign the company's engineering and safety reporting structures for enhanced accountability and to re-examine the long-standing assumptions around flight deck design in new airplanes.

This flurry of board activity flows from the pressure of the 737 MAX crisis.

Just last week two aviation analysts, Ernie Arvai of AirInsight and Scott Hamilton of [Leeham.net](http://Leeham.net), called for Muilenburg to be fired.

Hamilton went further, saying that “the long-serving Board members who were there at the beginning of the MAX program launch should be on the list to go.” Such a list would include David Calhoun.

Speaking on Thursday from Europe, [Leeham.net](http://Leeham.net) analyst Bjorn Fehrm gave his assessment that “it’s time to let the MAX fly again” because he believes the aircraft will now be very safe following all the scrutiny of the revamped software on the jet.

But he added: “It’s also time to start to criticize Boeing’s business culture and to look at the board and the top management.”

He said a lax safety culture driven by cost-cutting to goose the share price has resulted in two new airplanes that were grounded for safety reasons within six years: first the 787 when the batteries began smoldering in flight in 2013, and now the MAX after 346 deaths in two crashes of almost new aircraft.

“Is this kind of culture going to be allowed to continue and bring this great company down?” Fehrm asked.

The spread of such sentiment within the aviation world has spurred the board to act, though well short of making any heads roll.

And Boeing on Friday sought to play down the move as any personal judgment of Muilenburg.

“The board has full confidence in Dennis as CEO and believes this division of labor will enable maximum focus on running the business with the board playing an active oversight role,” Calhoun said in a statement, with Muilenburg adding that he is “fully supportive of the board’s action.”

Calhoun said the board also plans in the near term to name a new director, someone “with deep safety experience and expertise.” The only aerospace engineer currently on the board is Muilenburg.

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